



# LUTHER BURBANK SCHOOL DISTRICT

Established in 1906

Fernando R. Elizondo, Ed.D.  
Interim Superintendent

**FILED**

OCT 19 2009

DAVID H. YAMASAKI  
Chief Executive Officer/Clerk,  
Superior Court of CA County of Santa Clara  
BY D. ALDYCKI

*Board of Trustees*

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October 13, 2009

Honorable Jaime Jacobs-May  
Presiding Judge  
Superior Court, Santa Clara County  
191 N. First Street  
San Jose, CA 95112

Re: Response by Luther Burbank School District to Grand Jury Reports

Dear Judge Jacobs-May  
Presiding Judge

Honorable Judge Jacobs-May

The Luther Burbank school district has completed its responses to: (1) the 17 page final report entitled, **Santa Clara Schools Inventory Practices-300M+ Taxpayer Investment-But who's counting** and (2) a 20 page final report entitled **Who really benefits from the education dollars?** (Hint: It's not the students). The court granted the district an extension through October 15 2009. The board of trustees reviewed and approved the responses found in both reports at their regularly scheduled meeting of October 13, 2009. The board of trustees extends its appreciation to the Court for granting the extension.

Sincerely,

Dr. Fernando Elizondo  
Immediate Past Interim Superintendent

*Dr. Rebecca Cohn-Vargas (Becki)*  
Dr. Rebecca Cohn-Vargas  
Superintendent/Principal

**Luther Burbank School District**  
**October 13, 2009**

Santa Clara County Schools, Inventory Practices

Finding and Recommendations

Finding 1:

Community colleges and K-12 boards of trustees are responsible for inventory control. However, after interviewing /ALL /board of trustee presidents it was evident they were unaware of their obligation under the law.

\* All K-8 and K-12 and Community College Districts

District response: Disagrees - The Luther Burbank School District partially disagrees with findings. The Board of Trustees is aware of responsibilities of Inventory Control. The districts inventory control 2008-2009 was reviewed with Board of Trustees at the September 8, 2009 Board meeting.

At the Board meeting, the Trustees were presented with an overview of the district's Inventory Control System.

Recommendation 1:

Trustees should review and be knowledgeable of Education Code Â§35168 for K-12 and Education Code Â§81600 for community colleges to ensure complete implementation.

\* All K-8 and K-12 and Community College District Board of Trustees

District response: Agrees: Luther Burbank School District Board reviewed Education Code Â§35168 at the October 13, 2009 Board Meeting. It bears noting that the California Education Code Â§35168 was first enacted in 1976 and revised in 1984. The amount of \$500 has not been changed since 1984 and is out-of-date.

Findings 2:

No trustees or superintendents/chancellors have been trained in inventory control. Inventory control training for board members and superintendents is not mandated by the State, resulting in a lack of familiarity and inconsistent application of inventory requirements by many districts.

\* All K-18 and K-12 and community college districts

District response: Luther Burbank School District agrees with this finding. Selected District personnel will be trained on Inventory Practices by December 31, 2009.

Recommendation 2:

All Santa Clara County school board trustees and superintendents/chancellors should be required to review and understand

Education Code Â§35168 and Â§81600 and BAM requirements for inventory control.

For K-12 districts, the COE should take the lead in providing comprehensive training on inventory control, in conjunction with the release of the new inventory tracking module within Quintessential Software Systems spearheaded by the COE.

For community colleges, the CC Board should investigate additional training in the area of inventory control offered through organizations such as the American Association of Community Colleges and the Community College League of California.

- \* All K-8 and K-12 and community districts
- \* COE Board of Trustees

District response: Agrees: This recommendation will be implemented. The Board of Trustees will be given a copy of Education Â§35168 before the next board meeting.

#### Finding 3:

All district superintendents, chancellors and district staff report incomplete inventory information to their boards. This results in lack of knowledge about the value and size of their inventory.

- \* All K-8 and K-12 and community college districts

District response: Disagrees: Luther Burbank School District disagrees with the finding and District Personnel is knowledgeable of the Districts Inventory Control System. The annual 2008-2009 Inventory reports were presented to the Board at the October 13, 2009 Board Meeting.

#### Recommendation 3:

All Boards of Trustees should required a presentation on the results of their districts biennial inventory, including total value, variances resulting from reconciliation between past and current inventories and a proposed plan to resolve discrepancies.

- \* All K-8 and K-12 Community College District Boards of Trustees

District response: The recommendation will be partially implemented. A Board Presentation was given at the September 8, 2009 Board meeting.

#### Finding 4:

With the exception of Santa Clara Unified and Los Gatos Unified School Districts, all K-12 districts fail to understand the need to reconcile inventories for previous years to the latest inventory update. Without reconciliation, the opportunity to: identify lost, missing or stolen items, take preventive measures, and obtain timely reimbursement may be lost.

- \* All K-8 and K-12 Boards of Trustees (except Santa Clara Unified

and Los Gatos Unified)

District response: Luther Burbank School District disagrees with this finding. We have no knowledge whether or not other districts fail to understand the need to reconcile inventories, etc.

Recommendation 4:

All K-12 school districts should reconcile the most current, full inventory with prior inventories, to identify missing items and potential losses/thefts. The results will enable the districts to implement safeguards to prevent future losses.

\* All K-8 and K-12 Boards of Trustees (except Santa Clara Unified and Los Gatos Unified)

District response: Luther Burbank School District disagrees, the recommendation will be partially implemented. A Board Presentation was presented at the September 8, 2009 Board meeting.

Finding 7:

There is a potential for abuse in K-8 and J-12 districts when those who report to superintendents approve credit card transactions and purchase orders made by their superintendents.

\* All K-8 and K-12 School Districts

District response: Luther Burbank School District agrees with the finding. All district credit cards have been discontinued. District purchase orders are reviewed by appropriate Administrators and the Superintendent.

Recommendation 7:

To strengthen internal controls and ensure fiscal accountability, purchases made by the K-8 and K-12 Superintendents should be approved by the Boards of Trustees prior to purchase. In the event an immediate purchase is required, post-approval by the Board would ensure no conflicts of interest or abuses occur.

Expenditures should be presented separately from the Board's consent calendar to ensure proper scrutiny.

Credit card statements and a listing of disbursements should be provided to the Board for approval.

\* All K-8 and K-12 District Boards of Trustees

District response: This recommendation will not be implemented as it is not warranted. Given that our Board only meets once a month, it will be difficult to ask the Board of Trustees to approve Superintendent expenditures ahead of time.

1. Credit card
2. Listing of disbursements

District response: Both of these recommendations will be

implemented. All credit cards have been discontinued as of August 15, 2009. Also all listings of disbursements are provided for the Board review and action at each Board meeting.